

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 CIAE-00 COME-00 DODE-00 FMC-04

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EUR/NE-MR OWENS

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FM SECSTATE WASHDC

TO AMEMBASSY STOCKHOLM

INFO AMEMBASSY OSLO

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS

AMCONSUL HAMBURG

AMEMBASSY BONN

AMEMBASSY TOKYO

USMISSION GENEVA

AMEMBASSY BRUSSELS

AMEMBASSY ATHENS

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E.O. 11652: N/A

TAGS: ETRN, UNCTAD, SW

SUBJECT: SWEDISH DEMARCHE ON CARGO SHARING PROVISIONS OF
PROPOSED SHIPPING CONFERENCE CODE OF CONDUCT

REF: STOCKHOLM 744 (NOTAL)

1. SWEDISH EMBASSY HAS DISTRIBUTED COPIES OF AIDE MEMOIRE
MENTIONED REFTEL TO VARIOUS USG AGENCIES IN CONTINUING
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EFFORT TO SEEK SUPPORT FOR SWEDISH POSITION. ON MARCH 1

SWEDISH SHIPPING ATTACHE (OLANDER) CALLED, ON INSTRUCTIONS, ON DEPARTMENT'S DIRECTOR OF OFFICE OF MARITIME AFFAIRS (WEBB) TO ELICIT REACTION TO AIDE MEMOIRE. FOLLOWING ARE HIGHLIGHTS OF DISCUSSION.

2. SWEDISH AIDE MEMOIRE: WEBB EXPRESSED UNDERSTANDING FOR PROBLEM FACED BY SWEDISH LINER SHIPPING INDUSTRY IN FACE OF PROPOSED CARGO-SHARING PROVISIONS, AND NOTED USEFUL ROLE EFFICIENT SWEDISH SHIPPING SERVICES HAVE PLAYED IN MOVING US TRADE AND THEREBY CONTRIBUTING TO US EXPORT COMPETITIVENESS. US SHARED SWEDISH CONCERN ABOUT DANGERS TO FREE TRADE PRINCIPLES INHERENT IN CARGO-SHARING PROPOSALS. IN REGARD TO SWEDISH CONCERN FOR COMPETITION IN LINER SHIPPING, WEBB NOTED THAT RESTRAINTS ON SUCH COMPETITION ARISE NOT ONLY FROM GOVERNMENTAL ACTIONS BUT ALSO FROM COMMERCIAL POOLING AND CARGO-SHARING ARRANGEMENTS

ESTABLISHED BY THE CLOSED CONFERENCES TYPICAL IN NON-US TRADES. FACED WITH THIS LATTER TYPE OF CARTEL US SHIPPING LINES HAVE FOUND IT NEARLY IMPOSSIBLE TO ENTER NON-US TRADES. US THEREFORE HAS VIEWED GOVERNMENTALLY-IMPOSED AND COMMERCIALY-ESTABLISHED CARGO-SHARING ARRANGEMENTS AS PART OF THE SAME PROBLEM. WEBB RECALLED THAT SCANDINAVIAN SHIPPING LINES HAVE BEEN AMONG THOSE PARTICIPATING IN SUCH ANTI-COMPETITIVE ARRANGEMENTS AND THAT SOME OF THEIR POOLS WITH LATIN AMERICAN LINES CALL FOR 50-50 SPLIT. OLANDER ACKNOWLEDGED ANTI-COMPETITIVE IMPACT OF SUCH PRIVATE COMMERCIAL POOLS. FINALLY, WEBB REITERATED THAT SWEDISH-NORWEGIAN PROPOSAL FOR CODE OF ALLOTING CARGO SHARES AS PREFERENCE FOR SHIPPING LINES OF LDC'S ONLY WAS NON-STARTER, AS MOST GROUP B COUNTRIES INCLUDING US COULD NOT ACCEPT IT. OLANDER SAID THAT SWEDISH AIDE MEMOIRE WAS EFFORT TO FORM BASIS FOR COMMON GROUP B POSITION AT GENEVA.

3. RECENT HISTORY: WEBB RECALLED THAT ON SECOND DAY OF NOVEMBER-DECEMBER CONFERENCE (FIRST SESSION) ON THE CODE, USREP IN OPENING STATEMENT REITERATED US OPPOSITION TO INCLUSION OF CARGO SHARING IN CODE. US WAS ONLY COUNTRY TO MAKE THIS POINT IN OPENING STATEMENT. SUBSEQUENTLY LIMITED OFFICIAL USE

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DURING CONFERENCE OTHER GROUP B COUNTRIES ON LARGELY UNILATERAL BASIS INTRODUCED CARGO-SHARING PROPOSALS WHICH CLEARLY DESIGNED TO PROTECT THEIR OWN COMMERCIAL INTERESTS. USDEL EXPRESSED STRONG RESERVATIONS ON THESE ACTIONS BY GROUP B COUNTRIES AT THAT TIME. US, FINDING ITSELF LARGELY ISOLATED ON THIS ISSUE, FINALLY HAD TO EVOLVE ITS OWN ALTERNATIVE TO PROTECT OWN INTERESTS.

4. CURRENT US POSITION: WEBB TOLD OLANDER THAT US RETAINS AS FIRST PREFERENCE THAT CODE NOT CONTAIN CARGO-SHARING PROVISIONS. IN LIGHT, HOWEVER, OF PROPONDERANT MAJORITY SENTIMENT IN FAVOR OF SOME CARGO SHARING PROVISION, US WILL SEEK FORM OF CARGO SHARING WHICH LEAST DETRIMENTAL ON ONE HAND TO FREE TRADE PRINCIPLES AND ON OTHER TO US TRADE AND SHIPPING INTERESTS. THIS MEANS US STRONGLY OPPOSED TO RIGID MATHEMATICAL FORMULA, WANTS LIMITATION ON AUTOMATICITY OF APPLICATION OF CARGO-SHARING PROVISIONS, BUT COULD ACCEPT FLEXIBLE NON-MATHEMATICAL FORMULA WHICH PROVIDES SOME EQUALITY OF TREATMENT FOR NATIONAL SHIPPING LINES AT EACH END OF TRADE, TOGETHER WITH ROLE FOR OUTSIDERS. OLANDER COMMENTED THAT THIS NOT FAR DIFFERENT FROM SWEDISH POSITION, TO WHICH WEBB REPLIED THAT US-NORWEGIAN-SWEDISH POSITION APPEARED OPPOSED TO PRINCIPLE OF EQUAL TREATMENT FOR

NATIONAL LINES. THIS LATTER POINT WOULD HOWEVER APPEAR TO BE NECESSARY INGREDIENT FOR ANY POSSIBLE COMMON GROUP B POSITION ON CARGO-SHARING. IN CONCLUSION, WEBB NOTED STRONG US INTEREST IN IMPROVING ACCESS OF US SHIPPING LINES TO HERETOFORE CLOSED CONFERENCES IN NON-US TRADES AND REQUESTED SWEDISH SUPPORT FOR US EFFORTS AT FORTHCOMING CONFERENCE TO OPEN UP, AS FAR AS POSSIBLE, CONFERENCES IN NON-US TRADES.

5. WEBB MENTIONED ALSO THAT US POSITION WOULD HAVE SOME FLEXIBILITY AS REGARDS CARGO-SHARING BUT THAT WE WOULD HOPE NOT TO HAVE TO GO BEYOND GUIDELINES DESCRIBED ABOVE.
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Message Attributes

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Draft Date: 04 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
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